

Message Text

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ACTION OES-09

INFO OCT-01 AF-10 ARA-11 NEA-10 ISO-00 SOE-02 AID-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01

INR-10 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05

ICA-11 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /149 W

-----102397 141414Z /47

R 130700Z SEP 78

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 5832

INFO AMEMBASSY BRASILIA

AMEMBASSY NIAMEY

C O N F I D E N T I A L TRIPOLI 1264

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: OIL STRIKE IN SOUTHWEST LIBYA

REF: TRIPOLI 1063

1. AT BRAZILIAN NATIONAL-DAY RECEPTION SEPTMBER 11, WE OBTAINED CONFIRMATION FROM BRASPETRO-LIBYA (PETROBRAS) MANAGEMENT THAT COMPANY HAS FOUND OIL IN THE MARZUK BASIN AS REPORTED REFTEL. GENERAL MANAGER SAID SOME 30 FEET OF OIL-BEARING FORMATION WAS FOUND AT AROUND 8,000 FEET. ZONE HAD TESTED AT OVER 1,000 BPD (SIZE OF CHOKE NOT MENTIONED) BUT ZONE WOULD HAVE TO BE FRACTURED TO DETERMINE MAXIMUM POSSIBLE FLOW RATE. OIL WAS CLAIMED TO BE 42 DEGREES API AND SWEET. HYDROCARBON HAS ALSO BEEN FOUND BELOW 9,000 FEET WHERE DRILLING CONTINUES AND NOT YET TESTED. MANAGER DESCRIBED DRILLING, DONE BY FRENCH FIRM FOREX, AS VERY DIFFICULT AND SLOW DUE TO TOUGH FORMATIONS AND LOGISTIC PROBLEMS AT ISOLATED LOCATION. COMPANY EXPECTS TO COMPLETE FIRST WELL IN NOVEMBER AND TO START IMMEDIATELY AN APPRAISAL WELL WITH SAME RIG. MANAGEMENT OFFICIALS SEEMED ELATED WITH DISCOVERY, WHILE AWARE THAT POTENTIAL REMAINS TO BE PROVEN. THEY DECLINED TO ESTIMATE HOW MUCH

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OIL WOULD HAVE TO BE FOUND TO MAKE PRODUCTION ECONOMIC FROM THIS LOCATION SOME 400 MILES FROM NEAREST EXISTING PIPELINE TO THE SEA AND 200 MILES FROM CLOSEST PROJECTED PIPELINE.

2. BRAZILIAN AMBASSADOR WAS ALSO PLEASED WITH DISCOVERY AND SAYS TALKS HAVE ALREADY COMMENCED WITH LIBYANS ABOUT

REVISING "TERMS AND CONDITIONS" OF BRASPETRO'S AGREEMENT WITH THE GOVERNMENT. WHAT THIS MEANS IS NOT CLEAR, BUT PRESUMABLY BRASPETRO'S 85/15 PRODUCTION-SHARING CONTRACT CALLS FOR IT TO BEAR ALL DEVELOPMENT EXPENSES WITH LIBYANS EVENTUALLY PAYING THEIR 85 PERCENT SHARE OF THESE EXPENSES FROM OIL PRODUCTION. BRAZILIANS MAY WELL BE SEEKING SOME LIBYAN FINANCIAL ASSISTANCE FOR HEAVY DEVELOPMENT EXPENSES IF PROJECT BECOMES FEASIBLE.

3. A LIBYAN GOVERNMENT GEOLOGIST HAS TOLD US IN AN OFF-HAND OBSERVATION THAT DISCOVERY HAS NO IMPLICATIONS FOR NIGER, NOTING THAT THE FAVORABLE GEOLOGY OF THE MARZUK BASIN DOES NOT EXTEND INTO NIGER.
EAGLETON

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